



# **Report & Financial Statements for the Year Ended 31 July 2020**

**wakefieldcollege**

## **Key Management Personnel, Board of Governors and Professional Advisers**

### **Key management personnel**

Key management personnel are represented by the following in 2019/20:

<b>Post Title</b>	<b>Post Holder</b>	<b>Date Appointed</b>	<b>Date of Resignation</b>
Principal, Chief Executive and Accounting Officer	Sam Wright	01/03/2011	N/A
Executive Director: Finance and Resources	Jason Pepper	12/06/2017	N/A
Executive Director: Quality and Planning	Sue Slassor	01/09/1991	N/A
Executive Director: Curriculum	Lisa Macdonald	01/02/2012	N/A
Executive Director: Student Experience and Student Support	Clare Allcock	14/05/2012	N/A
Executive Director: Human Resources and Organisational Development	Karen Sykes	30/09/2002	N/A
Executive Director: Employer Engagement and Apprenticeships	Joanne Taylor	01/01/2017	N/A
Director: Higher Education	Clare Hagerup	10/09/2014	N/A
Director: Higher Education Development	Tony Rex	18/02/2002	N/A
Director: Estates	Jon Howard	04/01/2005	N/A
Clerk and Legal Officer	Sam Cremore	07/01/2019	N/A

### **Board of Governors**

A full list of Governors is given on page 28 of these financial statements.

Sam Cremore acted as Clerk to the Corporation throughout the period.

## Professional Advisers

### **Financial Statements and**

#### **Regularity auditor:**

RSM UK Audit LLP  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

#### **Internal auditors:**

ICCA  
McLaren House  
46 Priory  
Queensway  
Birmingham  
B4 7LR

#### **Solicitors:**

Eversheds Sutherland  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

#### **Insurance Brokers:**

Zurich Municipal  
1 East Parade  
Leeds  
LS1 2UA

### **Bankers:**

Close Brothers Limited  
10 Crown Place  
London  
EC2A 4FT

Lloyds Bank plc  
2nd Floor  
Lisbon House  
116 Wellington Street  
Leeds  
LS1 4LT

**Wakefield College**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 July 2020**



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## **Report of the Governing Body**

The members present their report and the audited financial statements for the year ended 31 July 2020.

## **Key Developments**

- In the face of unprecedented disruption arising from Covid-19, the College continued to deliver teaching and learning through the 2019-20 academic year and provide vital support to our many vulnerable students.
- Despite the exceptional challenges faced in 2019-20, the College continued to deliver strong achievement rates and a high proportion of positive destinations for completing students.
- In autumn 2019 the College completed the refurbishment of the Beaumont Building (formerly the West Riding Registry of Deeds) and opened this as a teaching venue for Catering, Inclusion, ESOL and Foundation Learning.
- The quality of teaching and learning continued to improve in 2019-20, with 86% of observed lessons being graded as good or outstanding.
- In the face of lockdown and stringent social distancing requirements, the College rapidly increased the volume of online teaching and learning.
- Our application and enrolment processes for the 2020-21 academic year were completely redesigned and moved to a largely online system. Although a daunting logistical challenge, this proved to be extremely successful.



## **Nature, Objectives and Strategy**

### **Legal Status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Wakefield College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The College's registered address is Margaret Street, Wakefield, West Yorkshire, WF1 2DH.

### **Mission**

The College's Mission continues to be:

"Transforming lives through learning....

....by enabling young people, adults and employers to fulfil their potential"

### **Public Benefit**

Wakefield College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016, is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 28.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the delivery of education to 8,205 students, including 183 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The College adjusts its courses to meet the needs of local employers and provides training to 1,242 apprentices. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.



## **Nature, Objectives and Strategy (continued)**

### **Implementation of Strategic Plan**

In July 2019 the Corporation formally approved the College's Strategic Plan for the period 1 August 2019 to 31 July 2020. In 2019-20, the Plan was based around four Strategic Objectives, each of which was underpinned by a range of Key Performance Indicators and Performance Indicators. The Corporation monitors performance against Strategic Objectives, Key Performance Indicators and Performance Indicators throughout the year via consideration of a performance dashboard at each Governing Body meeting. The Corporation agreed the following new Strategic Objectives for the period 2019-22:

1. Deliver a high-quality, destination focused learning experience to all learners.
2. Meet the skills needs, aspirations and interests of the Wakefield District and the wider region.
3. Have a skilled, engaged workforce who promote College values.
4. Resource a high-quality student experience.

Progress against the Objectives set out in the plan for 2019/20 was strong prior to lockdown in March 2020.

Key objectives achieved included:

- Strong achievement rates, although these will not be published due to the unusual situation in which teaching, learning and assessment took place.
- High-quality of teaching and learning as evidenced in the strong lesson observation profile (86% good or outstanding).
- A high proportion of positive destinations for our students.
- Over three-quarters of all curriculum aligned to local skills needs.
- A very high proportion (93%) of staff who are proud to work at Wakefield College.
- Growth in apprenticeship provision (up to lockdown).
- Held a successful virtual Development Week for teachers in July 2020.
- Introduced HE September School to support new Higher Education students.
- Sympathetically refurbished the former West Riding Registry of Deeds to house provision and formally opened this as the Beaumont Building (named after Florence Beaumont, a Wakefield suffragist).
- Maintained teaching and learning during lockdown, swiftly arranging IT resources and support for staff and students to work and study remotely.
- Enabled students to safely complete their study programmes with a carefully managed programme of on-site learning during the Summer.

## **Nature, Objectives and Strategy (continued)**

- Maintained a sense of staff community during lockdown through online activities including cookalongs, quizzes, fitness classes, and music performances.
- Planned and developed online enrolment for the 2020/21 academic year.

### **Financial Objectives**

**(i) To return to 'Outstanding' financial health.**

This target has not been achieved. The College has retained a calculated financial health grade of 'Good'. This is largely due to the fact that the College has not yet completed the sale of F Block, and generated the associated disposal receipt.

The College ESFA financial health grade for the year ended 31 July 2019 was 'Good'.

**(ii) To hold at least £4.88m of cash at bank at 31 July 2020.**

This target has not been achieved. The College held £3.70m of cash at bank and in short term investments at 31 July 2020. Again, the fact that College cash was lower than planned can be explained by the lack of a receipt in respect of F Block.

£4.72m was held at 31 July 2019 (including investments).

**(iii) To ensure that staffing costs were no more than 72.5% of eligible income.**

This target has not been achieved. Staffing costs (excluding restructuring, enhanced pension and FRS102(28) charges) were 72.9% for the year ending 31 July 2020. Although overall staffing costs were lower than budgeted for the year, income was also lower than budgeted, particularly in respect of apprenticeship activity (as a consequence of Covid-19).

Staffing costs were 72.0% of eligible income for the year ended 31 July 2019.

**(iv) To achieve EBITDA greater than £1.99m (Earnings Before Interest, Taxation, Depreciation and Amortisation).**

This target has not been achieved, principally because of the impact of Covid-19 on some aspects of College activity (in particular, apprenticeship provision). The EBITDA for year ending 31 July 2020 was £1.76m (6.75%).

The EBITDA for year ending 31 July 2019 was £1.63m (6.22%).



## **Nature, Objectives and Strategy (continued)**

### **Financial Objectives(continued)**

#### **(v) To achieve Apprenticeship Income of £3.73m.**

This target has not been achieved. The College generated £2.770m of apprenticeship funding and fee income in the year ending 31 July 2020. Covid-19 had an adverse impact on apprenticeship delivery. Not only was the number of new apprentice starts suppressed, but many existing apprentices were placed on breaks in learning.

Apprenticeship income of £2.771m was generated for the year ending 31 July 2019.

### **Performance Indicators**

The College is committed to observing the importance of sector measures and indicators and uses the Qualification Achievement Rate report, National Achievement Rate Tables, and the DfE Performance Tables as to compare performance in measures such as achievement rates and value added.

Key Performance Indicators and Performance Indicators cover the College's operations and include attendance, student numbers, lesson observation activity, funding and allocations, financial objectives, staff absence and staff utilisation and property condition. Certain performance indicators are reviewed cyclically according to the availability and currency of the data. These include student satisfaction, destination data and achievement rates.

Of the eleven 2019/20 Key Performance Indicators, six were rated as "green" at lockdown, four were amber and one was red. Governors kept all Indicators under scrutiny throughout the year, including during lockdown when Board meetings were held online. During lockdown, Governors acknowledged that it would be problematic to continue to report meaningfully on some indicators (for example, attendance and work-placements) and instead sought reassurance about wider student engagement. At year end, seven Key Performance Indicators were rated green, three amber and one red. Key Performance Indicators that saw particularly strong performance included:

- Achievement rates
- Student progress
- Positive destinations
- Staff well-being

## **Financial Position**

### **Financial Results**

The College produced an operating deficit before actuarial loss or gain in respect of pension schemes in the year of £2,024,000 but, after pension service costs of £2,061,000 (2018/19: operating deficit of £1,335,000, after pension service costs of £1,530,000).

The College is also in negotiation with a commercial developer regarding the sale of its F Block site, after receiving several offers for this property. This site had a net book value of £1,450,000 at 31 July 2020.

Tangible fixed asset additions during the year amounted to £2,425,000 (2018/19: £6,656,000).

The College relies significantly on the education sector funding bodies as its principal funding source, largely from recurrent grants. In 2019/20, based on the College's management accounts, these funding bodies provided 80.4% of the College's total income (2018/19: 80.1%)

### **COVID-19**

The College experienced some operational disruption due to Covid-19 and the associated lockdown during the year ending 31 July 2020. The financial impact of Covid-19 was contained because of the lagged nature of 16-18 funding, and the decision by the ESFA to reduce the funding tolerance threshold for 19+ funding. However, some other key funding streams were not subject to the same kind of protection, and the College saw significant disruption to its apprenticeship activity and associated income. Apprenticeship enrolment effectively ceased from 23 March 2020, and more critically, a large proportion of existing apprentices were placed on breaks in learning by their employers. Consequently, apprenticeship income for the 2019/20 financial year was £960,000 less than originally planned.

In addition to lost income, the College also experienced additional unplanned expenditure as a result of Covid-19. £64,000 of this related to the procurement of personal protective equipment (PPE) for staff and students. In addition, the College spent £182,000 on IT equipment to support remote working and study.

The College did generate some savings as a result of lockdown. Staffing costs were £72,000 lower than budgeted due to some classes being cancelled and vacancies on hold, and a £46,000 saving was made in respect of premises and utility costs. In addition, the College furloughed a small number of security and cleaning staff who were unable to work during the first few weeks of lockdown. A total of £55,000 of furlough support funding was claimed in respect of these staff.

## **Financial Position (continued)**

The College has seen a significant increase in its LGPS liability in the year ending 31 July 2020. This is due in part to the impact of Covid-19 on scheme asset values.

## **Treasury Policies and Objectives**

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Wakefield College has a separate treasury management policy in place.

The College generated £19,000 of investment income (2018/19: £60,000) excluding endowments from the management of its cash balances.

Short-term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation.

A key focus of treasury management activity for the College is to ensure that resources are in place to support the property strategy and invest in other elements of the College's operations.

## **Cash Flows and liquidity**

There was a net cash inflow on operating activities of £1,675,000 during the year (2018/19: £1,532,000).

The College's cash and investment balances stood at £3,696,000 (31 July 2019: £4,723,000). A key factor in the disparity between these two figures is the impact of investment to realise the College Property Strategy. Nevertheless, the College retains sufficient cash reserves to meet its ongoing obligations.

## **Reserves Policy**

The College has no formal reserves policy but recognises the importance of reserves in ensuring its ongoing financial stability. A key focus of the Corporation in recent years has been to ensure that the College has adequate reserves to support its core activities and meet payroll commitments of approximately £1.6m per month. The College currently has a small, restricted reserve, the result of a past legacy. As at the balance sheet date, the Total Unrestricted Reserves stand at £11,626,000 (2019: £28,426,000).

## **Financial Position (continued)**

As indicated elsewhere in this report, the College has both a robust treasury management policy and clear financial objectives that are focused on ensuring that it maintains sufficient resources to deliver its strategic plan.

Although the additional costs incurred as a result of Covid-19 will impact on College reserves, this will not be to an extent that threatens our financial viability or calculated ESFA financial health grade.

## **Financial Health**

The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The Finance Record produces a financial health grading. The rating of 'Good' confirmed by the ESFA in May 2020 for 2018/19 is considered an appropriate assessment. The College expects to achieve a financial health grade of 'Good' for 2019/20.

The College has maintained robust financial health through a careful approach to curriculum planning, budget setting and cash flow management. Although the College has made a significant investment in infrastructure in recent years, it has been able to finance these from reserves and capital grants, and so has no debt but also retains an appropriate level of cash reserves.

As stated above, although the College has seen some financial impact from Covid-19, this has not been significant enough to impact on our calculated ESFA financial health grade.

## **Current and Future Development and Performance**

### **Student Numbers**

In 2019/20 the College delivered activity that produced £19,897,000 in funding body main allocation from the ESFA (2018/19 - £20,223,000). Total student numbers in year were 8,205; this includes learners funded by our main funding bodies in addition to learners funded from other sources (2018/19 – 8,343).

### **Students' Achievements**

Due to the Covid-19 pandemic and the disruption to students' learning, achievement rates and other performance measures will not be published for further education students for 2019/20. Consequently, it is not appropriate to publish this data here and make comparisons with previous years' data as this does not provide a like-for-like comparison.

The College will compare its next publicly available data with 2018/19 data.

## **Current and Future Development and Performance (continued)**

The College offers a wide range of academic, vocational and apprenticeship provision designed to meet both local and regional skills priorities.

Our most recent OFSTED inspection report (January 2019) recognises this, and our curriculum offer was later used as an internal case study by OFSTED to demonstrate good curriculum design.

During year ending 31 July 2020, the following curriculum developments are particularly worthy of note:

### **A-Levels**

- Maintained overall 97% A level pass rate.
- 12 subjects with 100% pass rate.
- The number of high grades (A\* / A / B) has increased to 28% (4% up on last year).
- 90% of students applying via UCAS were accepted to university. 17% of these students progressed to Russell Group institutions.
- Overall 6<sup>th</sup> Form achievement was 2.6% above the national rate benchmark.
- A level achievement was 8% higher than national rate.
- English Literature celebrated its 15<sup>th</sup> consecutive year of 100% pass rate.
- Applied Science student, Mateusz Sowinski was awarded the prestigious Silver Award for Science Learner of the Year by BTEC.
- Professor Vlatko Vedral, Head of Oxford University's Quantum Physics Department delivered a talk on quantum entanglement as part of wider lecture programme open to the public.
- Law students visited Leeds Crown Court, the University of Law and shadowed solicitors in a Minster Law firm, resulting in work placements for some students.
- Geography students went on several trips to contextualise their learning; including the National Coal Mining Museum and field trips to Kilnsea and Spurn Point as well as benefitting from variety of guest speakers.
- Media students attended the Media City studios in Salford for a tour of the BBC studios and hands on experience of production work.
- English Literature students went to see a live production link of "The Importance of Being Earnest" at Cineworld and also had a guest lecturer from Huddersfield University deliver a session on the theme of "Love Through the Ages" in poetry.

## **Current and Future Development and Performance (continued)**

### **A-Levels (continued)**

- Chemistry and Biology students attended taster days at Sheffield Hallam University, taking part in university level practical experiments using techniques to find organ donors by matching genes.
- BTEC Applied Science students had a similar trip to Liverpool University, taking part in experiments to trace genetic lineage.

### **Performing Arts & Music**

- Performing Arts were asked by Royal Mail to choreograph and provide dancers for the Royal Mail Valentine's Day Film – a contemporary dance film for Valentine's Day for their postal social media advert. The film told a story about one half of a couple posting a box of mementoes to surprise their partner to make it feel like they're together, even when they're not, and the role that mail plays in connecting people.

Sarah Bowers, Social Media Executive at Royal Mail said "the energy, talent, and professionalism from the students was exceptional, and the result is a film that showcases the connected way in which our network delivers to over 30 million addresses across the country, 6 days per week."

The shoot, which took weeks of preparation and rehearsal, was filmed at a variety of locations across Wakefield including the Chantry Bridge, Crown Court and the newly refurbished Gaskell's Restaurant in the College's Beaumont building.

- In February 2020 our Level 3 Drama students devised and performed a County Lines performance working with the Local Authority to inform students about how young people can be manipulated by gangs, and what intervention measures could be carried out.
- Students participated in a Performing Arts auditions project designed to equip all second year L3 students with the skills needed to ensure progression into either employment or HE.
- Throughout lockdown, dance classes continued to be taught via Zoom and dance pieces were filmed in individual student houses and then edited together to create promotional lockdown dance videos.
- Performing Arts students performed at the Christmas Lights Switch on for Wakefield Trinity Walk.
- Performing Arts Dancers took part in the Yorkshire Schools Dance Festival which is an annual celebration and showcasing of youth dance across Yorkshire.

**Current and Future Development and Performance (continued)**  
**Performing Arts & Music (continued)**

- The Music and Media Department hosted an extremely successful Industry Day with a number of fantastic speakers. The event took advantage once again of the new Advanced Skills & Innovation Centre (ASIC) building.
- Something Strange – Our HND Music (Popular Music) students were interviewed by University of Salford lecturer, founder of National College Radio, and former student James Ewing, about their 'Something Strange' project. Our HND Music Technology/Production and HND Creative Media Production students set up for the evening gig. After soundchecks, we tuned in to listen to National College Radio to hear what our students had to say and listen to some of their stunning compositions, before settling down in the White Room for the evening's live performance.
- Our Level 3 Extended Diploma Music Year 2 students visited Fieldhead Care home to provide some festive sounds.

**Media, Graphics & Photography**

- Photography students linked up with local schools in a successful photography competition which saw 98 school children entering from 5 schools and having their photographs displayed at an event at the College.
- L1 Art Students created a display for the Ridings Shopping Centre youth area 'Our Yard'.
- Media, Photography and Art students took part in the Arthouse Virtual Artwalk on Wednesday 27 May.
- L3 Media students did some work at Earl's lodge care home creating short films about residents' lives before they got dementia to share with their families.
- A core partnership agreement signed with the Art House allowing students to benefit from resources and interact with local artists.

**Computing & Digital Industries**

- Games Development celebrated 98% achievement across all study programme provision: 7% above national benchmarks.
- Level 2 Computing has seen a 4% increase in overall achievement from last year at 96%, which is 16% above national benchmark.



**Current and Future Development and Performance (continued)**  
**Computing & Digital Industries (continued)**

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- Computing has collaborated with an extensive list of employers to help inform our curriculum offer, and ensure it meets the demands of industry. Companies including Bellingham IT, SSG Insights, Peter & Paul, Telescope, Field Design have helped in year development of the new BTEC qualification, future T-Level programme, and in validating the new BSc Computer Science Degree.
- The BSc Computer Science Degree was successfully validated by Hull University, ensuring our Higher Education provision responds to advances in industry, and better prepares our students for future job roles in the sector. Games Development have established clear professional pathways aligned to industry including Game Artists, Developers and Designers following consultation with recognised studios such as Rebellion, Cloud Imperium and Playground Games.
- In Games Design, FE students became quality assurance testers for HE Indie Games 'game prototypes' and this has helped internal progression increase to 12 enrolments on the HE programme in 20/21.
- Our relationship with local company Bellingham IT has developed further, with continued work placement opportunities. Bellingham have been integral in supporting the department in developing our future T-Level offer. Two staff members attended professional industry placements with Bellingham to observe industry practice.
- The innovative "open-plan" Games Hub was successfully launched, providing a professional studio environment for our students. The significant investment in these facilities has ensured the programme can keep up with industry expectations and practice. This investment has also coincided with the programme's highest achievement and successful outcomes for its learners.
- 6 Games students completed placement opportunities with the award-winning studio "Team 17" as Quality Assurance games testers.
- Wakefield College competed in the National E-Sports League for the first time in 2019/20. The under 18's college team was managed by an Indie Games Degree Student, and the team finished second in their group league.

### **Current and Future Development and Performance (continued)** **Business & Travel**

- Overall Achievement Pass and Retention rate across Levels 1 and 2 Travel was 100%, with all learners completing and achieving on their vocational programme of study. Level 3 Travel achieved 98% success, 10% above National Benchmark.
- Overall Achievement rate on Level 2 Business has risen by a further 4% from 18/19 to 96.3% (16% above national benchmark) despite students having to complete a rigorous external examination.
- Level 3 Visual Merchandising unit was written in conjunction with British Heart Foundation. Students participated in a collaborative project, supporting the charity organisation with Ridings Centre pop up shops, shop displays and window dressings.
- A Business Marketing unit was aligned to a Hepworth gallery event case study, where students collaborated with the Marketing Director to develop different forms of promotion following a presentation and workshop.
- Business & Travel students across all levels of study have benefited from organised trips to York, Leeds Armoury, Amsterdam etc despite the pandemic. Extra-Curricular visits provide opportunities for students to experience new cultures and broaden their contextual awareness. During the visit to the Ann Frank museum (Amsterdam) for example, students attended a talk delivered by a representative of the Jewish community.
- Air Cabin Crew students participated in Thomas Cook Air Emergency Training at Manchester Airport for a third consecutive year.

### **Alternative Curriculum**

- The college launched a new course: Level 2 Certificate in Youth Work Practice. This is the only course of its kind for 16-18 year olds in the north of England. It works closely with The Youth Association and includes a range of development opportunities for students including a residential, outdoor cookery and shelter building and the Duke of Edinburgh course – all skills needed for working with young people.
- The course had an 86% achievement rate with 10 students progressing to L3 Diploma in Youth Work in Sept 2020.
- Alternative Curriculum students went on the second annual VIP trip to Liverpool in December 2019. The event was organised by L2 students as part of their Group Teamwork and Communication assignment and attended by 45 students in the cohort.

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**Current and Future Development and Performance (continued)**  
**Alternative Curriculum (continued)**

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- To combat the traditional low levels of motivation and resilience in the cohort, a Level 2 Resilience programme was introduced in partnership with external organisation NextGen. Students participated in a 6-week programme looking at developing resilience, self confidence and communication skills – all identified as barriers to progression for students in Alternative Curriculum.
- Alternative Curriculum generated an overall achievement rate of 95% despite working with some of the most vulnerable and challenging students in the College.

**Horticulture and Animal Care**

- Catering and Animal Care both saw moves to new buildings and facilities. Many students in these areas engaged in projects that enriched their student experience.
- Horticulture students were also involved in :
  - planting bulbs at The Hepworth Gallery.
  - planting boat planters at Pontefract Park,
  - development of site at Thornes Park, including a wildlife pond and small orchard.
- L3 Animal Management saw a demonstration with a Canine Explosives Dog.
- All Animal Care & Management students benefitted from animal handling at Swithen's Farm.
- HND Animal Management took part in a 3 day residential to London, which included a taster day at the Royal Veterinary College.
- A huge achievement for the area was the Development of a Progression Accord with the Royal Veterinary College which gives our Level 3 BTEC Students guaranteed interviews on RVC degree programmes (including Veterinary Medicine).

**Hospitality & Catering**

- Moved to new facilities in the Beaumont Building.
- Students assisted on stage with celebrity chefs at the Rhubarb Festival (including Jean-Christophe Novelli).
- Students also catered for the Wakefield College Apprenticeship Awards ceremony.

**Hair and Beauty**

- Make Up Artistry students worked with paramedics from the Hazardous Area Response Team (HART), producing fake wounds for their training days.

**Current and Future Development and Performance (continued)**  
**Hair and Beauty (continued)**

- Students supported the Prince of Wales 'Look Good, Feel Better' event by providing beauty treatments for residents.
- Development of a partnership with Elemis with respect to delivery of Level 3 Beauty Therapy. This will provide training for the BT tutors who will be able to train students in Elemis treatments and the opportunity to complete work experience in Elemis concessions.

**Inclusion**

- The Inclusion team moved into the Beaumont Building in October 2019.
- Worked in collaboration with Highfield to take the lead on the Project SEARCH Pinderfields Hospital and are now the sole provider of Project SEARCH in the district.
- 86% increase in learners on the Get SET Programme of which 92% gained meaningful work experience.

**Public Services**

- Sports and Public Service students donated food parcels to be provided to local foodbanks to help those most in need within the Wakefield and district area during 'Making a Positive Contribution Week'.
- The Public Service department successfully ran the annual college ski residential to Saalbach, Austria. Due to past experiences this trip was able to run at a heavily subsidised cost and was undertaken by students across many areas within the college.
- Public Services students participated in public order training and counter-terrorism exercises with West Yorkshire Police, Fire Service and the Yorkshire Ambulance Service.
- Students attended week-long 'look at life' residentials with the Armed Forces.

**Sport**

- Girls Football won the Yorkshire & Humber league and were unbeaten all season.
- Men's Football won the Yorkshire & Humber Futsal league and were top of the EFL futsal tournament before it was cancelled due to COVID.
- 3 Men's Rugby players signed professional first team contracts at Wakefield Trinity and made their debuts.
- 5 Women's Rugby players were selected by the RFL to be part of the England Students team and study the DiSE programme (Diploma in Sporting Excellence) which is run centrally by the RFL and the England pathway.

### **Current and Future Development and Performance (continued)** **Sport (continued)**

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- Aallisha Rhodes was selected for the Women's Rugby League England National team in line for the 2021 Rugby League world cup.
- 5 individual athletes were picked for the Yorkshire & Humber squad to compete in the AOC National Championships in Nottingham (cancelled).
- 5 footballers were selected to trial for the English Colleges National team (3 x male, 2 x female).
- The return of Wakefield Colleges Netball team who competed in the Yorkshire League.

### **Future Prospects**

The College has agreed total funding body income of £19.5m for the 2020/21 financial year. This includes funding from the Higher Education Council for England which has been confirmed at £180,472 for the same period.

The Government has increased ESFA funding rates for 16-18 learners in 2020/21, and this will provide a welcome boost for College finances. Further additional discrete ESFA funding has been provided for 2020/21 to cover small group tuition costs (£430,000) and capital expenditure (£998,000).

The College has received additional ESFA funding towards increased Teachers Pensions' costs in 2018/19 and 2019/20. Treasury has yet to confirm if this funding will continue beyond March 2021. The College expects to see pension costs continue to increase.

The scale and breadth of both apprenticeship and higher education provision delivered by the College has grown in recent years. However, because of the economic impact of Covid-19 and associated lockdowns, the College expects to see apprenticeship income growth stall, or potentially reverse.

The College will continue to develop its estate to ensure it provides high quality teaching and learning infrastructure that is both flexible and efficient. Key milestones in our Infrastructure Strategy have been achieved: we have redeveloped and opened the Beaumont Building, and this is now in full use by the College.

Moving forward, the online delivery of teaching and learning is likely to become an increasingly important element of College provision. The rapid changes made to our delivery models during lockdown are likely to become established practice and will require appropriate investment in our IT infrastructure.

Negotiations to dispose of our F Block site continue. The College has received offers from several interested parties, but the sale of this site has yet to be concluded.

### **Current and Future Development and Performance (continued)** **Future Prospects(continued)**

There will be an increase in the volume of school leavers across the Wakefield District over the next few years, and it is hoped that this will provide an important opportunity for growth. The College has seen an increase in 16-18 student numbers at the start of the 2020/21 academic year. Looking forward, the College will face additional competition from the new CAPA College campus due to open on Mulberry Way. However, the date for this has been pushed back.

Members have no concerns about the College's continued ability to be a successful provider of learning to its communities, nor about its ability to adequately resource. The College has a reasonable level of reserves, and so has a solid platform from which to continue its success.

In addition to the risk management arrangements outlined elsewhere in this report, and the robust approach taken to risk management, arrangements are in place to monitor closely the performance of its operations, and the College has a constant focus on growing income, controlling costs and achieving efficiencies to ensure that resources can be re-invested in core activities.

### **Resources**

The College has various resources that it can deploy in pursuit of its strategic objectives.

- Tangible resources include the College campuses at Castleford and Wakefield City Centre.
- The College has £53.5m of tangible assets. These include land and buildings with a book value of £51.5m, equipment with a book value of £1.3m.
- At 31 July 2020 the College held £3.7m of cash, and had net current assets of £1.4m.
- The number of staff paid in year amounted to 662, of which 480 were teaching related.
- The College enjoys a high profile and good reputation within Wakefield and beyond.

### **Principal risks and uncertainties**

The College's ability to achieve its vision and strategic objectives will be affected by its capacity to mitigate the risks and uncertainties that it faces. The College has well-established systems of internal control including financial, operational and risk management, which are designed to protect the College's assets and reputation.

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**Current and Future Development and Performance (continued)**  
**Principal risks and uncertainties (continued)**

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The key elements of the College's risk management framework are identified in the Statement of Corporate Governance and Internal Control on page 27.

The College's risk environment is monitored regularly by College managers, the Executive Team and Governors to ensure that any emerging risks are identified, prioritised and mitigated and opportunities are maximised. The broad categories of risk facing the College are outlined below. Not all of these factors are within the College's control.

- The competitive environment for recruitment of 16-18 year olds, HE students and for the delivery of training to employers (particularly apprenticeships).
- The extent to which the College can attract and retain high calibre skilled people to drive continuous improvement.
- The ability of managers to control costs in a difficult economic environment.
- The impact of government policy on various aspects of our operations and our funding, e.g. qualification reforms, Adult Learning Loans, apprenticeship reforms and devolution of adult funding.
- The ability of the College to finance its estate renewal programme.
- The impact of the Covid-19 pandemic on the ability of the College to operate normally.

Our response to the risks has been:

- to expand collaborative provision and continue to invest in high quality infrastructure;
- to develop an increasing understanding and awareness of local economic drivers and skills needs, and to target major local employers;
- to develop strategies to ensure students are retained and remain engaged with all aspects of their courses, and offered appropriate opportunities to progress;
- to review curriculum footprints and refresh the curriculum, particularly our offer to adults;
- to review our operations to ensure efficiency, effectiveness and value for money, and;
- to invest in the development of our staff and ensure that a variety of means are used to gain their commitment to the College's vision, mission and values.



### **Current and Future Development and Performance (continued)** **Relationship with our partners, stakeholders and communities**

In common with other colleges and universities, Wakefield College contributes to and benefits from a broad range of important relationships. These include those with:

- students;
- parents or carers of students;
- staff;
- education sector funding bodies;
- local employers;
- local authorities;
- Local Enterprise Partnership (LEP);
- the local community;
- other FE institutions, local schools and universities;
- trade unions; and
- professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College internet site and by meetings.

The College is aware of several issues which may impact on future funding, including apprenticeship and technical/vocational education reforms and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, has developed a strategy for growth in response to the devolution agenda and to the apprenticeships reform.



## **Current and Future Development and Performance (continued)**

### **Equality**

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Wakefield College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry.

The College's Equality and Diversity Policy Statement is published on the College's website, along with a corresponding set of Equality Objectives and Datapack. Wakefield College is committed to helping achieve equality for all learners, staff and other College users, and aims to ensure that all learners, whatever their background, have the opportunity to benefit from excellent and inspirational educational opportunities.

The College considers all job applications anonymously reducing the possibility of any conscious or subconscious bias.

The College considers all job applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

In September 2019, the College signed up to the Association of Colleges' Mental Health Charter for staff and students.

### **Disability Statement**

The College seeks to achieve the objectives set down in the Equality Act 2010.

- 98% of our facilities are accessible for people with disabilities and we strive to ensure all that is reasonably practicable is done to ensure access to people with disabilities.
- There is a register of specialist equipment which the College can make available for use by students with disabilities.
- The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of learning support workers who provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

**Current and Future Development and Performance (continued)**  
**Disability Statement (continued)**

- Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format.
- The College's 'Adaptations of Materials' service can provide information/course materials in alternative media – for example Braille, enlarged text, etc.
- The College has signed up to the Ambitious about Autism Charter.

**Trade union facility time**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the College

Numbers of employees who were relevant period	FTE employee number
2	2.0

Percentage of time	Number of employees
0%	
1-50%	2
51-99%	
100%	

Total cost of facility time	£7,304
Total pay bill	£20,670,000
Percentage of total bill spent on facility time	0.04%

Time spent on paid trade union activities as a percentage of total paid facility time	14.5%
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**Events after the Reporting Period**

The College is in negotiation with a commercial developer regarding the sale of its F Block site on Sandy Walk, Wakefield. It is anticipated that this disposal will take place during 2020/21 at market value.

## **Current and Future Development and Performance (continued)**

### **Going Concern**

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future and has demonstrated this in the detailed financial plan to July 2022. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The College has produced a detailed cash flow forecast to July 2022 with sensitivity analysis, and this is subject to close frequent monitoring. The College has no bank loans or overdraft facilities and has recently completed a major capital project that was financed from reserves.


The College's financial plan shared with the Education and Skills Funding Agency in July 2020 demonstrated an ability to continue with its plans for investment and generate cash from its operating activities.

The Board takes assurance from this but recognises the challenges likely to impact on the sector over the next three years. In particular, Covid-19 is likely to suppress particular income streams such as apprenticeships and some course tuition fees and at the same time increase some operating costs. Financial plans will continue to be reviewed and tested.

### **Disclosure of Information to Auditors**

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 8 December 2020 and signed on its behalf by:



**Andrew McConnell**  
**Chair of Corporation**

## **Statement of Corporate Governance and Internal Control**

The following statement is provided to enable readers of the annual report and financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector.

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2020. This opinion is based on an internal review of compliance with the Code/Governance Evaluation reported to the board on 8 December 2020.

The Governing Body recognises that as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 (and amended in May 2019), which it formally adopted in August 2017.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

**Wakefield College**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 July 2020**

**Statement of Corporate Governance and Internal Control (continued)**

**Members who served the Corporation since 1 August 2019**

The members who served on the Corporation during the year and up to the date of signature of this report were:

Name	Date Appointed Re-appointed	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance All Meetings
Nichola Bell	Jul 19	4 years	-	Staff	-	4/5 (Board)
Paul Campbell (Chair)	Jul 09/ Jul 13/ Jul 17 Dec 18	12 months	Dec 19	External	Remuneration Search	2/2 (Board) 0/0 1/1
Paul Collier	Jul 19	4 years	Jun 20	Staff	-	3/4 (Board)
Julie Craig	Mar 18	4 years	-	External	Audit	5/5 (Board) 2/3
Emma Elvin	Jul 16	4 years	Jul 20	External	Audit	4/5 (Board) 2/3
Dmitry Fedotov	Jul 17	4 years	-	External	Audit Search Remuneration	5/5 Board 1/2 1/1 0/0
Alison Flanagan	Feb 20	1 year	Jul 20	Student	-	0/2
Karen Hands (Vice Chair)	Jul 17	4 years	-	External	Audit Search	5/5 (Board) 3/3 1/1
Eunice Ma	Feb 17	4 years	Apr 20	External	Remuneration	4/4 (Board) 0/0
Andrew McConnell (Chair)	Oct 06/ Oct 10/ Oct 14/ Jan 17 Dec 18	4 years	-	External	Remuneration Search	5/5 (Board) 0/0 3/3
Ian Parsons	Dec 16 Jan 17	4 years	-	External	Audit	4/5 (Board) 3/3
Martyn Shaw	Apr 20	4 years	-	External	Audit	1/1 (Board) 1/1
Arnold Tabor	Jul 19	1 year	Jul 20	Student	-	1/5
Andy Wallhead	May 11/ May 15 May 19	1 year	May 20	External	Search	3/4 (Board) 2/2
Neil Warren	Jul	4 years	-	External	Audit	0/0 0/0
Sam Wright	Mar 11	n/a	-	Principal	Search	5/5 (Board) 3/3

## **Statement of Corporate Governance and Internal Control (continued)**

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as; performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters for example health and safety and environmental issues.

The Corporation meets at least twice each term and some of its business is conducted through committees. Each committee has written terms of reference, which have been approved by the Corporation. These committees are Audit, Remuneration and Search. Decisions of these committees are formally reported to the Corporation. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College's website:

<http://www.wakefield.ac.uk/about-us/governance>.

or from the Clerk to the Corporation at:

Wakefield College  
Margaret Street  
Wakefield  
West Yorkshire  
WF1 2DH

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties, at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.



## **Statement of Corporate Governance and Internal Control (continued)**

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer (Principal) are separate.

To allow College management to focus on the pressing needs resulting from the COVID-19 pandemic, the Board meeting scheduled for 19 May 2020 was cancelled and the meeting of the Remuneration Committee scheduled for 31 March 2020 was postponed. However, members of the Corporation received regular email updates relating to key College matters during the period of national 'lockdown' and continued to exercise oversight by way of email, telephone and video conferencing.

### **Appointments to the Corporation**

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration except for the Principal and Accounting Officer and Staff/Student members. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years. In accordance with the Code, members generally serve no more than two terms, except where subsequently undertaking a new and more senior role, for example as chair.

### **Corporation performance**

A self-assessment of the Corporation's performance is undertaken on an annual basis and covers multiple facets of governance. In 2019/20, this included:

- The College's substantive compliance against the Code and Governor impact on performance against strategic objectives.
- A review of the Corporation's governance arrangements conducted by the College's Internal Audit Service.
- Governor attendance at meetings.
- Audit Committee Annual Report, which concluded that the College's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness are both adequate and effective.

## **Statement of Corporate Governance and Internal Control (continued)**

### **Remuneration Committee**

The Remuneration Committee comprises four members. The governing body adopted the AoC's Senior Staff Remuneration Code in July 2019. The Committee's responsibilities are to make recommendations to the Board on the specific remuneration and benefits packages of the Accounting Officer and other senior post holders.

Details of remuneration for the year ended 31 July 2020 are set out in Note 7 to the financial statements.

### **Audit Committee**

The Audit Committee comprised five members of the Corporation during the relevant period.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management, where appropriate. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

### **Internal Control**

#### **Scope of Responsibility**

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of

## **Statement of Corporate Governance and Internal Control (continued)**

### **Internal Control (continued)**

the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Conditions of Funding between Wakefield College and the funding body. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2020 and up to the date of approval of the annual report and accounts. The Audit Committee acts as the Risk Committee and this process is regularly reviewed by the Corporation.

### **The Internal Control and Risk Management Framework**

The College encourages the taking of measured risk that may provide opportunities to meet one or more of its objectives. The internal control and risk management framework is designed to: integrate risk management into the culture of the College; raise awareness of the need for risk management; encourage a positive approach to risk taking; support improved decision-making, innovation and performance; and, manage risk in accordance with best practice. The framework continues to evolve and enables the College to respond to a variety of strategic, operational, financial, commercial, regulatory and reputational risks. It provides assurances to successive levels of management and, ultimately, the Board. The key components of the risk and control framework include:

- clearly defined financial regulations and procedures including protocols for capital investment and other major developments;

**Statement of Corporate Governance and Internal Control (continued)**  
**The Internal Control and Risk Management Framework (continued)**

- a strategic and financial planning and budgeting cycle involving staff at all levels of the College in the setting of objectives and actions and the allocation of resources;
- rigorous termly reviews of business areas to evaluate performance, assess areas of risk and opportunity and take appropriate action;
- a comprehensive anti-bribery policy, fraud policy and response plan, 'whistle-blowing' policy and disaster management and business continuity plan, which have been communicated to staff so that they are aware of the procedures for reporting significant risk issues and control failings to appropriate levels of management;
- continuing professional development and identification of personal objectives and operational tasks through annual appraisal, linked to the achievement of the College's strategic objectives and management of key risks;
- a College-wide approach to evaluating the quality of teaching, learning and assessment, and service areas including plans to address issues of poor performance;
- a high-profile health and safety management system, led by the Accounting Officer which actively promotes the commitment to and development of good health and safety;
- a human resources and organisational development strategy designed to meet the needs of the College in achieving its objectives whilst responding to changes in legislation;
- estates management based on a property strategy formulated to meet the needs of the College and its community;
- integrated management information systems designed to provide accurate and timely data and analysis to management to support decisions and monitor progress towards policies, strategies and targets.

The Corporation ensures that its business calendar and agendas enable risk management and internal control to be considered on a regular basis during the year so that there is a full risk and control assessment before reporting on 31 July each year. This includes reports on the effectiveness of risk management by the Audit Committee and Executive Team.

The College has an Internal Audit Service (IAS) which operates in accordance with the requirements of the ESFA's Post-16 Audit Code of Practice 2019 to 2020 and submits regular reports, which include their independent opinion on the adequacy and effectiveness of the system of internal control along with recommendations for improvement. The work of the internal audit service is informed by the College's analysis of risk, and annual internal audit plans are based on this analysis. The internal audit annual and strategic plans are approved

**Statement of Corporate Governance and Internal Control (continued)**  
**The Internal Control and Risk Management Framework (continued)**

by the Board. The Head of Internal Audit (HIA) provides the Governing Body with an annual report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

**Statement from the audit committee**

The Audit Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The Audit Committee believes the Corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2019/20 and up to the date of the approval of the financial statements include:

- 16-18 Learner Journey: Enquiry to Enrolment in respect of which reasonable assurance was given and 3 recommendations were made.
- Governance Arrangements in respect of which substantial assurance was given and one low priority recommendation was made.
- Risk Management and Board Assurance Framework in respect of which substantial assurance was given and 3 recommendations were made.
- Apprenticeships Delivery in respect of which reasonable assurance was given and 6 recommendations were made.
- Follow-up of Previous Internal Recommendations in respect of which substantial assurance was given and 0 recommendations were made.

The internal audit plan for 2019/20 was approved by the Audit Committee at its meeting on 19 November 2019. Internal Audit work was suspended in March 2020 due to restrictions resulting from the COVID-19 'lockdown', at the time of which only one internal audit review had been completed. Following the easing of restrictions, a revised internal audit plan was proposed designed to provide the Audit Committee with the necessary assurances to enable it to give the Corporation an opinion on the adequacy and effectiveness of the College's governance, risk management and systems of internal control for the relevant period while observing Government guidance regarding safe working practices. The revised internal audit plan was approved on 23 June 2020. No significant internal control weaknesses or failures were identified. Therefore, despite the impact of COVID-19, the Audit Committee has been able to make the above statement.

## **Statement of Corporate Governance and Internal Control (continued)**

### **Review of Effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework;
- comments made by the College's financial statements auditors, the regularity auditors, and the appointed funding auditors in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

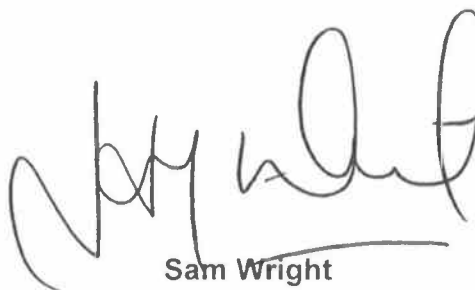
The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training.

Executive Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports from the Executive Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the Executive Team and internal audit, and taking account of events since 31 July 2020.

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".



**Andrew McConnell**  
**Chair of Corporation**



**Sam Wright**  
**Accounting Officer**

**Governing Body's Statement on the College's Regularity, Propriety and Compliance with Funding Body Terms and Conditions of Funding**

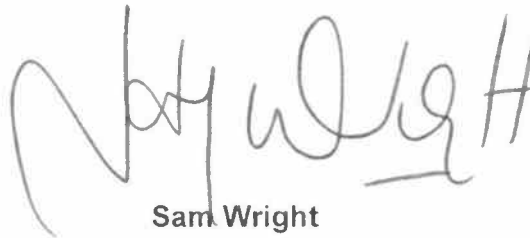
The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the Corporation's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the Corporation, or material non-compliance with the terms and conditions of funding under the Corporation's grant funding agreements and contract with ESFA or any other public funder.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.



**Andrew McConnell**  
**Chair of Corporation**



**Sam Wright**  
**Accounting Officer**



## **Statement of Responsibilities of the Members of the Corporation**

The members of the corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its deficit of income over expenditure for that period.

In preparing the financial statements, the corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate;
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

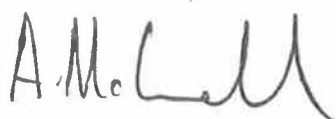
The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of the its website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Responsibilities of the Members of the Corporation (continued)

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the corporation on 8 December 2020 and signed on its behalf by:



Andrew McConnell  
Chair of Corporation

Wednesday 20 June, 5pm-7pm

01924 789111



# **Independent Auditor's Report to the Corporation of Wakefield College**

## **Opinion**

We have audited the financial statements of Wakefield College (the 'College') for the year ended 31 July 2020 which comprise the College statement of comprehensive income, the College balance sheet, the College statement of changes in reserves, the College statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

## **Independent Auditor's Report to the Corporation of Wakefield College (continued)**

### **Other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Office for Students' Accounts Direction**

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2019 to 2020 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The College's expenditure on access and participation activities for the financial year has been materially misstated.

## **Independent Auditor's Report to the Corporation of Wakefield College (continued)**

### **Responsibilities of the Corporation of Wakefield College**

As explained more fully in the Statement of the Corporation's Responsibilities set out on pages 37 and 38, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 26 October 2020. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

**RSM UK AUDIT LLP**

Chartered Accountants

Two Humber Quays

Wellington Street West

Hull

HU1 2BN

*RSM UK Audit LLP*

Date

*26/1/2021*

**Statement of Comprehensive Income**

	Notes	Year ended 31 July 2020 £000s	Year ended 31 July 2019 £000s
<b>INCOME</b>			
Funding body grants	2	21,796	21,743
Tuition fees and education contracts	3	3,872	4,181
Other grants and contracts	4	392	253
Other income	5	384	648
Investment income	6	19	60
<b>Total income</b>		<b>26,463</b>	<b>26,885</b>
<b>EXPENDITURE</b>			
Staff costs	7	21,115	20,257
Other operating expenses	8	4,989	5,684
Depreciation	10	2,063	1,790
Impairment of fixed assets	10	-	100
Interest and other finance costs	9	320	218
<b>Total expenditure</b>		<b>28,487</b>	<b>28,049</b>
<b>Deficit before other gains &amp; losses</b>		<b>(2,024)</b>	<b>(1,164)</b>
Loss on disposal of tangible fixed assets	10	-	(171)
<b>Deficit for the year</b>		<b>(2,024)</b>	<b>(1,335)</b>
Remeasurement of defined benefit pension net	22	(14,777)	(5,949)
<b>Total Comprehensive Income for the year attributable to the Corporation of the College</b>		<b>(16,801)</b>	<b>(7,284)</b>

All of the above activities relate to continuing operations.

The notes on pages 46 to 72 form part of these financial statements.

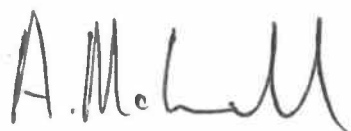
**Wakefield College**  
**FINANCIAL STATEMENTS**  
**For the year ended 31 July 2020**

wakefield  
college

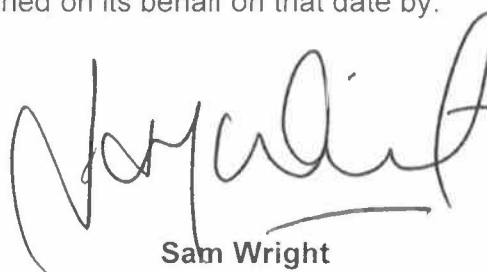
**Balance Sheet as at 31 July**

	Notes	2020 £000s	2019 £000s
<b>Non-current assets</b>			
Tangible fixed assets	10	53,512	53,150
Endowments	11	39	40
		<b>53,551</b>	<b>53,190</b>
<b>Current assets</b>			
Trade and other receivables	12	1,326	1,919
Investments	13	-	500
Cash at bank and in hand	17	3,696	4,223
		<b>5,022</b>	<b>6,642</b>
<b>Less: Creditors – amounts falling due within one year</b>	14	(3,581)	(4,777)
<b>Net current assets</b>		<b>1,441</b>	<b>1,865</b>
<b>Total assets less current liabilities</b>		54,992	55,055
Creditors – amounts falling due after more than one year	15	(7,010)	(7,320)
<b>Provisions for liabilities</b>			
Defined benefit pension scheme	16/22	(32,593)	(15,755)
Other provisions	16	(3,724)	(3,514)
<b>Total net assets</b>		<b>11,665</b>	<b>28,466</b>
<b>Restricted reserves:</b>			
Walshaw Fund		39	40
<b>Unrestricted reserves</b>			
Income and expenditure account		4,720	21,359
Revaluation reserve		6,906	7,067
<b>Total unrestricted reserves</b>		<b>11,626</b>	<b>28,426</b>
<b>Total reserves</b>		<b>11,665</b>	<b>28,466</b>

The financial statements on pages 42 to 72 were approved and authorised for issue by the Corporation on 8 December 2020 and were signed on its behalf on that date by:



**Andrew McConnell**  
Chair



**Sam Wright**  
Accounting Officer

**Statement of Changes in Reserves**

	<b>Restricted Reserve £000s</b>	<b>Income and expenditure account £000s</b>	<b>Revaluation reserve £000s</b>	<b>Total £000s</b>
<b>Balance at 1 August 2018</b>	<b>41</b>	<b>26,981</b>	<b>8,728</b>	<b>35,750</b>
Deficit from the income and expenditure account	(1)	(1,334)	-	(1,335)
Other comprehensive income	-	(5,949)	-	(5,949)
Transfers between revaluation and income and expenditure reserves	-	1,661	(1,661)	-
<b>Total comprehensive income for the year</b>	<b>(1)</b>	<b>(5,622)</b>	<b>(1,661)</b>	<b>(7,284)</b>
<b>Balance at 31 July 2019</b>	<b>40</b>	<b>21,359</b>	<b>7,067</b>	<b>28,466</b>
Deficit from the income and expenditure account	(1)	(2,023)	-	(2,024)
Other comprehensive income	-	(14,777)	-	(14,777)
Transfers between revaluation and income and expenditure reserves	-	161	(161)	-
<b>Total comprehensive income for the year</b>	<b>(1)</b>	<b>(16,639)</b>	<b>(161)</b>	<b>(16,801)</b>
<b>Balance at 31 July 2020</b>	<b>39</b>	<b>4,720</b>	<b>6,906</b>	<b>11,665</b>

The notes on pages 46 to 72 form part of these financial statements.



## Statement of Cash Flows

	Notes	2020 £000s	2019 £000s
<b>Net cash flow from operating activities</b>	21	1,675	1,532
<b>Cash flows from investing activities</b>			
Proceeds from sale of fixed assets		-	435
Disposal of non-current asset investments		19	60
Withdrawal of deposits		500	4,250
Payments made to acquire fixed assets		(2,721)	(6,349)
		(2,202)	(1,604)
<b>Cash flows from financing activities</b>			
Repayments of amounts borrowed		-	(37)
		-	(37)
<b>Decrease in cash and cash equivalents in year</b>		(527)	(109)
Cash and cash equivalents at beginning of the year	17	4,223	4,332
<b>Cash and cash equivalents at end of the year</b>	17	3,696	4,223

## **Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020**

### **1 Accounting Policies**

#### **Statement of accounting policies and estimation techniques**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of Preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (the FE HE SORP), the College Accounts Direction for 2019 to 2020, Regulatory Advice 9 : Accounts Direction issued by the OfS and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102) under the historical cost convention modified to include the revaluation of freehold properties. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

#### **Basis of Accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

#### **Going Concern**

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members' Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying notes.

The College has a long history of generating positive cash flows from operations and controlling costs through a robust process of business review. The College has produced a detailed cash flow forecast to July 2022 with sensitivity analysis, and this is subject to close frequent monitoring. The College has no bank loans or overdraft facilities and has recently completed a major capital project that was financed from reserves.

The College's financial plan shared with the Education and Skills Funding Agency in July 2020 demonstrated an ability to continue with its plans for investment and generate cash from its operating activities until at least July 2022.

## **1 Accounting Policies (continued)**

The College has a reasonable expectation that it has adequate resources to continue in operational existence or the foreseeable future (to at least 31 July 2022), and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Although the College expects Covid 19 to have an adverse effect on both income and operating costs these are not expected to affect the going concern basis of accounting.

### **Recognition of Income**

#### *Revenue grant funding*

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments. Adult Education Budget ('AEB') grant funding income recognised is a best estimate of the amount receivable in accordance with the annual main funding guidance published by the ESFA and either determined as part of the reconciliation process or by separate agreement between the college and the ESFA at the reporting period end date. Any subsequent agreement to determination of the AEB funding after the reporting end date which is not provided for in the annual main funding guidance is not reflected in the income recognised.

The recurrent grant from OFS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the college is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

#### *Capital grant funding*

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the college is entitled to the funds subject to any performance related conditions being met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**1 Accounting Policies (continued)**

*Fee income*

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

*Investment income*

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned on a receivable basis

*Agency Arrangements*

The college acts as an agent in the collection and payment of certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

**Accounting for post-employment benefits**

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

*Teachers' Pension Scheme (TPS)*

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the college in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

*West Yorkshire Local Government Pension Scheme (LGPS)*

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

## **Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

### **1 Accounting Policies (continued)**

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in the actuarial gains and losses.

#### **Short term Employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

#### **Enhanced Pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's Statement of Comprehensive Income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet.

#### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

##### *Land and buildings*

Freehold land is not depreciated as it is considered to have an infinite useful life.

Freehold buildings are depreciated over their expected useful economic life to the college of between 5 and 44 years. The college has a policy of depreciating major adaptations to buildings over the period of 15 years.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

## Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)

### 1 Accounting Policies (continued)

#### Non-current Assets – Tangible Fixed Assets (continued)

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2014, as deemed cost but not to adopt a policy of revaluation of these properties in the future.

##### *Assets under construction*

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

##### *Subsequent expenditure on existing fixed assets*

Where significant expenditure is incurred on tangible fixed assets it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

##### *Equipment*

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated over its remaining useful economic life on a straight-line basis as follows:

- motor vehicles – 5 years
- computer equipment – 3 years
- other equipment – 3 years
- furniture, fixtures and plant – from 5 to 15 years

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income.

## **Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

### **1 Accounting Policies (continued)**

#### **Cash and cash equivalents**

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

#### **Financial instruments**

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

#### **Financial assets and liabilities**

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Financials assets and liabilities that are payable or receivable within one year are not discounted.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation

## **Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

### **1 Accounting Policies (continued)**

Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of expenses as appropriate and to the cost of tangible fixed assets, where the inputs themselves are tangible fixed assets by nature.

### **Provisions and contingent liabilities**

Provisions are recognised when;

- the College has a present legal or constructive obligation as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of Statement of Comprehensive Income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

### **Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the leesees on a lease by lease basis.



## Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)

### 1 Accounting Policies (continued)

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Determine whether there are indicators of impairment of tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

#### *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**2 Funding Body Grants**

	2020 £000s	2019 £000s
<b>Recurrent grants</b>		
Education and Skills Funding Agency - adult	1,812	1,767
Education and Skills Funding Agency – 16-18	15,361	16,086
Education and Skills Funding Agency - apprenticeships	2,724	2,705
Office for Students	217	298
<b>Specific Grants</b>		
Teacher Pension Scheme contribution grant	536	-
Education and Skills Funding Agency - Other	323	168
Releases of government capital grants	188	300
Local Education Authorities	635	419
<b>Total</b>	<b>21,796</b>	<b>21,743</b>

**3 Tuition Fees and Education Contracts**

	2020 £000s	2019 £000s
UK Higher Education students	2,816	2,875
UK Further Education students	775	1,016
Apprenticeship Fees	46	66
International student fees	35	-
<b>Total fees paid on behalf of individual students</b>	<b>3,672</b>	<b>3,957</b>
Education contracts	172	99
Apprenticeship contracts	28	125
<b>Sub Total</b>	<b>200</b>	<b>224</b>
<b>Total</b>	<b>3,872</b>	<b>4,181</b>

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**3 Tuition Fees and Education Contracts (continued)**

Included within Funding Body Grants and Tuition Fees and Education Contracts are the following:

Details of grant and fee income	2020 £000s	2019 £000s
Grant income from the Office for Students	264	340
Grant income from other bodies	21,532	21,403
<b>Total grants</b>	<b>21,796</b>	<b>21,743</b>
Fee income for taught awards (exclusive of VAT)	2,816	2,875
Fee income for non-qualifying courses	1,056	1,306
<b>Total fees</b>	<b>3,872</b>	<b>4,181</b>
<b>Total grant and fee income</b>	<b>25,668</b>	<b>25,924</b>

**4 Other Grants and Contracts**

	2020 £000s	2019 £000s
European Commission	1	68
Other grants and contracts	336	185
Coronavirus Job Retention Scheme	55	-
<b>Total</b>	<b>392</b>	<b>253</b>

The Corporation furloughed the some of the cleaning and security staff under the Government's Coronavirus Job Retention Scheme. The funding received of £55,000 relates to staff costs which are included within the Staff Costs (Note 7).

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**5 Other Income**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Other government capital grants	205	344
Miscellaneous income	179	304
<b>Total</b>	<b>384</b>	<b>648</b>

**6 Investment Income**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Other investment income	19	60
<b>Total</b>	<b>19</b>	<b>60</b>

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**7 Staff Costs**

The average number of persons (including key management personnel) employed by the College during the year, was:

	2020 No	2019 No
Teaching Staff	295	300
Student Support	185	206
Non-teaching Staff	182	191
	<b>662</b>	<b>697</b>

Previously staff numbers have been disclosed as full time equivalents. In accordance with the Accounts Direction 2019 to 2020, staff numbers are disclosed on an average headcount basis. Comparatives have been restated to reflect this change.

**Staff costs for the above persons**

	2020 £000s	2019 £000s
Wages and salaries	14,688	14,965
Social security costs	1,264	1,238
Other pension costs	4,718	3,659
<b>Payroll sub total</b>	<b>20,670</b>	<b>19,862</b>
Contracted out staffing services	436	349
<b>Total</b>	<b>21,106</b>	<b>20,211</b>
Restructuring costs – Contractual	9	46
<b>Total Staff costs</b>	<b>21,115</b>	<b>20,257</b>

A 1.5% unconsolidated pay award was made to all staff in year, including key management personnel but excluding the Accounting Officer approved by Board.

Restructuring costs were reported to and reviewed by Audit Committee.

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**7 Staff Costs (continued)**

**Key Management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the individuals listed earlier (page number 2) in these financial statements.

**Emoluments of Key management personnel, Accounting Officer and other higher paid staff**

	<b>2020 No</b>	<b>2019 No</b>
The number of key management personnel including the Accounting Officer was:	11	12

Numbers show as 12 in 2019 as there was a change in postholder for one post.

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	<b>2020 No</b>	<b>2019 No</b>
£30,001 to £35,000 p.a.	1	2
£40,001 to £45,000 p.a.	1	1
£45,001 to £50,000 p.a.	1	1
£50,001 to £55,000 p.a.	1	1
£65,001 to £70,000 p.a.	3	2
£70,001 to £75,000 p.a.	1	2
£75,001 to £80,000 p.a.	1	1
£90,001 to £95,000 p.a.	1	1
£145,001 to £150,000 p.a.	1	1
<b>Total</b>	<b>11</b>	<b>12</b>

There were no other staff, other than key management personnel listed on page 2, who received emoluments, excluding pension contributions but including benefits in kind, in excess of £60,000.

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**7 Staff Costs (continued)**

Key management personnel compensation, including the Accounting Officer, is made up as follows:

	2020 £000s	2019 £000s
Basic Salary	778	759
Performance related pay and bonus	-	11
	<b>778</b>	<b>770</b>
Pension contributions	153	119
<b>Total key management personnel compensation</b>	<b>931</b>	<b>889</b>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2020 £000s	2019 £000s
Salaries	150	141
Performance related pay and bonus	-	5
	<b>150</b>	<b>146</b>
Pension contributions	35	23
<b>Total</b>	<b>185</b>	<b>169</b>

The governing body adopted AoC's Senior Staff Remuneration Code in July 2019 and assesses pay in line with its principals.

The remuneration of the accounting officer and Clerk and Legal Officer for the year to July 2020 was determined on 26 November 2020 by the College's Remuneration Committee. Neither the accounting officer nor the clerk & legal officer was involved in setting their remuneration. The factors taken into account by the Committee in determining the accounting officer's remuneration for the year to 31 July 2020 included: performance against personal objectives; performance of the organisation; sector benchmarking data on pay of accounting officers in the region and in a similar income bracket; benchmarking of colleges with similar staff numbers and complexity of income streams. The clerk & legal officer's remuneration was decided upon following a review of his performance.

Only the accounting officer and clerk & legal officer is covered by the Senior Staff Remuneration Code.

Other key management personnel are subject to the same pay policies and procedures as all other employees.

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**7 Staff Costs (continued)**

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	<b>2020</b>	<b>2019</b>
	<b>No</b>	<b>No</b>
Basic salary as a multiple of median basic salary of staff	5.18	5.14
Total remuneration as a multiple of median total remuneration of staff	5.43	5.40

This is calculated from the total pay costs excluding: enhanced pension, pension adjustments, contracted out staffing costs, restructuring, social security and employer pension contributions for the basic salary cost and, including employer pension contribution for the total remuneration costs.

**Governors' remuneration**

The Accounting Officers and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors.

The total expenses paid to or on behalf of the Governors during the year was £245; 2 governors (2019: £613, 3 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and other events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2019: Nil).



**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**8 Other operating expenses**

	2020 £000s	2019 £000s
Teaching costs	2,232	2,622
Non – teaching costs	1,468	1,631
Premises costs	1,289	1,431
<b>Total</b>	<b>4,989</b>	<b>5,684</b>

**Other operating expenses include:**

	2020 £000s	2019 £000s
Auditors' remuneration:		
Financial statements audit	27	22
Internal audit	10	20
Other services provided by the internal auditors	-	2
Losses on disposal on non-current assets	-	1
Operating lease rentals	50	51

**8a Access and participation spending**

	2020 £000s
Access investment	6
Financial support to students	67
Disability support	32
Research and evaluation (relating to access and participation)	1

**9 Interest and other finance costs**

	2020 £000s	2019 £000s
Pension finance costs (note 22)	320	218
<b>Total</b>	<b>320</b>	<b>218</b>

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**10 Tangible fixed assets**

	Land and Buildings			Assets in the course of construction	Total
	Freehold	Long Leasehold	Equipment		
	£000s	£000s	£000s	£000s	£000s
<b>Cost or valuation</b>					
At 1 August 2019	52,215	1,100	4,900	6,429	64,644
Additions	1,687	-	738	-	2,425
Transfers	6,429			(6,429)	-
Disposals	(-)	(-)	(220)	-	(220)
<b>At 31 July 2020</b>	<b>60,331</b>	<b>1,100</b>	<b>5,418</b>	<b>-</b>	<b>66,849</b>
<b>Depreciation and impairment</b>					
At 1 August 2019	7,388	398	3,708	-	11,494
Charge for the year	1,413	37	613	-	2,063
Elimination in respect of disposals	(-)	(-)	(220)	-	(220)
<b>At 31 July 2020</b>	<b>8,801</b>	<b>435</b>	<b>4,101</b>	<b>-</b>	<b>13,337</b>
<b>Net book value at 31 July 2020</b>	<b>51,530</b>	<b>665</b>	<b>1,317</b>	<b>-</b>	<b>53,512</b>
Net book value at 31 July 2019	44,827	702	1,192	6,429	53,150

F Block was anticipated to be sold within the year ended 31 July 2020 and was impaired to estimated market value in 2018/19. The sale did not complete and has been put on the market again, no further impairment charge has been made in the 2019/20.

The College's land and buildings were last valued at 31 July 2014, on transition date to FRS102, by Principal Surveyor at Sheffield Valuation Office in accordance with the Practice statements in the RICS Valuation – Professional Standards January 2014 as published by the Royal Institution of Chartered Surveyors.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£000s
Cost	Nil
Aggregate depreciation based on cost	Nil
<b>Net book value based on cost</b>	<b>Nil</b>

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**11 Endowments**

	2020 £000s	2019 £000s
Endowments	39	40
<b>Total</b>	<b>39</b>	<b>40</b>

**12 Trade and other receivables**

	2020 £000s	2019 £000s
Amounts falling due within one year:		
Trade receivables	104	153
Other debtors	690	1,015
Prepayments and accrued income	311	439
Amounts owed by the Education & Skills Funding Agency	221	312
<b>Total</b>	<b>1,326</b>	<b>1,919</b>

Within Other debtors above is £435,000 (2019 - £725,000) receivable after more than one year from the balance sheet date.

Trade receivables includes a provision for bad debts of £55,000 (2019 - £57,000).

**13 Current Investments**

	2020 £000s	2019 £000s
Short term deposits	-	500
<b>Total</b>	<b>-</b>	<b>500</b>

Deposits were held with banks and building societies operating in the London market and licensed by the Financial Conduct Authority. The interest rates for these deposits were fixed for the duration of the deposit at time of placement.

Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)

14 Creditors: amounts falling due within one year

	2020 £000s	2019 £000s
Trade payables	54	189
Other creditors	154	313
Other taxation and social security	303	346
Accruals and deferred income	2,696	3,484
Government capital grants	374	348
Amounts owed to the Education & Skills Funding Agency	-	97
<b>Total</b>	<b>3,581</b>	<b>4,777</b>

15 Creditors: amounts falling due after one year

	2020 £000s	2019 £000s
Government capital grants	7,010	7,320
<b>Total</b>	<b>7,010</b>	<b>7,320</b>

16 Provisions

	Enhanced pensions £000s	Defined benefit obligations £000s	Total £000s
At 1 August 2019	3,514	15,755	19,269
Utilised in the year	(155)	(968)	(1,123)
Additional provision in the year	365	17,806	18,171
<b>At 31 July 2020</b>	<b>3,724</b>	<b>32,593</b>	<b>36,317</b>

The enhanced pension provision relates to the cost of staff who have already left the College's employment and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2020	2019
Price inflation	2.2%	2.2%
Discount rate	1.3%	2.0%

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**17 Cash and cash equivalents**

	At 1 August 2019 £000s	Cash flows £000s	Other changes £000s	At 31 July 2020 £000s
Cash and cash equivalents	4,223	(527)	-	3,696
<b>Total</b>	<b>4,223</b>	<b>(527)</b>	<b>-</b>	<b>3,696</b>

**18 Capital commitments**

	2020 £000s	2019 £000s
Contracts for future capital expenditure	nil	1,599

**19 Commitments under operating leases**

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2020 £000s	2019 £000s
<b>Future minimum lease payments due</b>		
<b>Other</b>		
Not later than one year	49	50
Later than one year and not later than five years	73	122
<b>Total</b>	<b>122</b>	<b>172</b>

**20 Contingent liabilities**

The College has received grant income over a number of years. The funding bodies have clawback arrangements in place for many of the grants and the College must ensure that it continues to meet the conditions of these grants in future years.

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**21 Note to statement of cash flows**

	Notes	2020 £000s	2019 £000s
<b>Cash flow from operating activities</b>			
Deficit for the year		(2,024)	(1,335)
<b>Adjustment for non-cash items</b>			
Depreciation/impairment		2,063	1,890
Decrease/(increase) in debtors		593	(19)
Decrease in creditors due within one year		(899)	(741)
(Decrease)/increase in creditors due after one year		(309)	21
Increase in provisions		210	74
Pension costs less contributions payable		1,740	1,312
<b>Adjustment for investing or financing activities</b>			
Investment income		(19)	(60)
Interest payable		320	218
Loss on sale of fixed assets		-	172
<b>Net cash flow from operating activities</b>		<b>1,675</b>	<b>1,532</b>

**21(b) Analysis of changes in net funds**

	At 1 August 2019 £000s	Cash flows £000s	Other changes £000s	At 31 July 2020 £000s
Cash	4,223	(527)	-	3,696
Cash equivalents	-	-	-	-
Overdraft facility repayable on demand	-	-	-	-
	<b>4,223</b>	<b>(527)</b>	-	<b>3,696</b>
Loans falling due within one year	-	-	-	-
Loans falling due after more than one year	-	-	-	-
<b>Total</b>	<b>4,223</b>	<b>(527)</b>	-	<b>3,696</b>

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**22 Defined benefit obligations**

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by West Yorkshire Pension Fund. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

**Total pension cost for the year**

	2020	2019
	£000s	£000s
Teachers' Pension Scheme:	1,613	1,128
Local Government Pension Scheme:		
Contributions paid*	968	981
FRS102(28) charge	1,741	1,312
Charge to the Statement of Comprehensive Income	2,709	2,293
 Pension accrual for leaver	 31	 2
 Enhanced pension charge to statement of comprehensive income	 365	 236
<b>Total Pension Cost for year within staff costs</b>	<b>4,718</b>	<b>3,659</b>

Contributions amounting to £115,000 (2019: £122,000) were payable to the scheme at 31 July and are included in creditors.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer

## Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)

### 22 Defined benefit obligations (continued)

under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The college is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the college has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The college has set out above the information available on the plan and the implications for the college in terms of the anticipated contribution rates.

### Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department in April 2019). The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,613,000 (2019: £1,128,000).

The next valuation result is due to be implemented from 1 April 2023.

### Local Government Pension Scheme (LGPS)

The LGPS (West Yorkshire Pension Fund) is a funded defined benefit scheme, with the assets held in separate funds administered by Bradford Metropolitan District Council. The total contribution made for the year ended 31 July 2020 was £1,363,000 of which employer's contributions totalled £968,000 and employees' contributions totalled £395,000. The current employer contribution rate increased from 14.7% to 15.5% in April 2020 and future contributions have been notified as 16.4% from April 2021 and 17.2% from April 2022. Employee contributions are between 5.5% and 12.5% dependent on salary according to a national scale.



**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**22 Defined benefit obligations (continued)**

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 and updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
Rate of increase in salaries (for year 1 only)	3.50%	1.00%
Rate of increase in salaries (for year 2 only)	2.50%	1.00%
Rate of increase in salaries (for subsequent years)	3.55%	3.45%
Future pension increases	2.30%	2.20%
Discount rate for scheme liabilities	1.40%	2.10%
Inflation assumption (CPI)	2.30%	2.20%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2020 Years	At 31 July 2019 Years
Retiring today		
Males	21.8	22.2
Females	24.6	25.4
Retiring in 20 years		
Males	22.5	23.2
Females	25.7	27.2

The College's share of the assets in the plan at the balance sheet date were:

	Fair Value at 31 July 2020 £000s	Fair Value at 31 July 2019 £000s
Equity instruments	32,093	34,700
Debt instruments	6,195	5,960
Property	1,776	1,898
Cash	661	927
Other	578	662
<b>Total fair value of plan assets</b>	<b>41,303</b>	<b>44,147</b>

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**22 Defined benefit obligations (continued)**

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	2020 £000s	2019 £000s
Fair value of plan assets	41,303	44,147
Present value of plan liabilities	(73,784)	(59,782)
Present value of unfunded liabilities	(112)	(120)
<b>Net pensions liability</b>	<b>(32,593)</b>	<b>(15,755)</b>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2020 £000s	2019 £000s
<b>Amounts included in staff costs</b>		
Current service cost	(2,707)	(1,865)
Past service cost	(2)	(428)
<b>Total</b>	<b>(2,709)</b>	<b>(2,293)</b>

**Amount recognised in Other Comprehensive Income**

(Loss)/return on pension plan assets	(3,804)	1,778
Experience loss arising on defined benefit obligations	(10,973)	(7,727)
<b>Amount recognised in Other Comprehensive Income</b>	<b>(14,777)</b>	<b>(5,949)</b>

**Movement in net defined benefit liability during year**

	2020 £000s	2019 £000s
<b>Net defined benefit liability in scheme at 1 August</b>	<b>(15,755)</b>	<b>(8,276)</b>
Movement in year:		
Current service cost	(2,707)	(1,865)
Employer contributions	968	981
Past service cost	(2)	(428)
Net interest on the defined liability	(320)	(218)
Actuarial loss	(14,777)	(5,949)
<b>Net defined benefit liability at 31 July</b>	<b>(32,593)</b>	<b>(15,755)</b>

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**22 Defined benefit obligations (continued)**

	2020 £000s	2019 £000s
<b>Changes in the present value of defined benefit obligations</b>		
<b>Defined benefit obligations at start of period</b>	<b>59,902</b>	<b>49,187</b>
Current service cost	2,707	1,865
Interest cost	1,248	1,368
Contributions by Scheme participants	395	407
Experience loss defined benefit obligations	10,973	7,727
Estimated benefits paid	(1,331)	(1,080)
Past Service cost	2	428
<b>Defined benefit obligations at end of period</b>	<b>73,896</b>	<b>59,902</b>
<b>Changes in fair value of plan assets</b>		
<b>Fair value of plan assets at start of period</b>	<b>44,147</b>	<b>40,911</b>
Interest on plan assets	928	1,150
Return on plan assets (excluding net interest on the net defined benefit liability)	(3,804)	1,778
Employer contributions	968	981
Contribution by Scheme participants	395	407
Estimated benefits paid	(1,331)	(1,080)
<b>Fair value of plan assets at end of period</b>	<b>41,303</b>	<b>44,147</b>
<b>Actual return on plan assets</b>	<b>(2,876)</b>	<b>2,928</b>

**23 Related party transactions**

Key management compensation disclosure is given in note 7.

There were no other related party transactions in year.

**Notes to the Financial Statements for the Period 1 August 2019 to 31 July 2020 (continued)**

**24 Amounts disbursed as agents**

	<b>2020</b>	<b>2019</b>
	<b>£000s</b>	<b>£000s</b>
Funding body grants – bursary support	705	684
<b>Sub Total</b>	<b>705</b>	<b>684</b>
Disbursed to students	(677)	(561)
Administration costs	(28)	(28)
<b>Balance unspent as at 31 July, included in creditors</b>	<b>nil</b>	<b>95</b>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

# **Reporting Accountant's Assurance Report on Regularity to the corporation of Wakefield College and the Secretary of State for Education acting through the Education and Skills Funding Agency ('the ESFA')**

## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 26 October 2020 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA"), to obtain limited assurance about whether the expenditure disbursed and income received by Wakefield College during the period 1 August 2019 to 31 July 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice 2019 to 2020 (the "Code") issued by the ESFA. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the ESFA has other assurance arrangements in place.

We are independent of the Wakefield College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

## **Responsibilities of Corporation of Wakefield College for regularity**

The Corporation of Wakefield College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of Wakefield College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

## **Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to

**Reporting Accountant's Assurance Report on Regularity to the corporation of Wakefield College and the Secretary of State for Education acting through the Education and Skills Funding Agency ('the ESFA') (continued)**

**Reporting accountant's responsibilities for reporting on regularity (continued)**

obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**Use of our report**

This report is made solely to the Corporation of Wakefield College and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of Wakefield College and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Wakefield College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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Date *26/1/2021*